



**COUNTY OF LOS ANGELES
DEPARTMENT OF CONSUMER AFFAIRS**

Members of the Board

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Director

"To Enrich Lives Through Effective and Caring Service"

May 21, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012-3265

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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Dear Supervisors:

FY 2004-05 UNMET NEEDS OF THE DEPARTMENT OF CONSUMER AFFAIRS

The FY 2004-05 Official Budget Request of the Department of Consumer Affairs included \$3,066,000 of unmet needs.

Of this amount, the Department has identified \$700,000 and 7.0 positions as our highest priorities for consideration by your Board during FY 2004-05 Budget Deliberation. These items align with the County Strategic plan goals of Service Excellence, Workforce Excellence, Organizational Effectiveness and Community Services.

The Department requests your consideration of the following priorities:

1. HIGHEST PRIORITY: (A) Statutory Increase in funding for the Small Claims Court Advisor Program as provided in California Code of Civil Procedure (CCP) Section 116.910

Amount: \$51,000

Funding Source: Ongoing Small Claims Advisor Fund

(B) Designate the balance of revenues in the Small Claims Advisor Fund to the Small Claims Advisor Program for Advisor services

Additional Amount: \$387,000

Positions: 4.0

Funding Source: Ongoing Small Claims Advisor Fund

The Small Claims Advisor Program counsels more than 140,000 actual and potential litigants annually, yet large numbers of litigants remain unserved. Although there are more than 24 Small Claims Courts, advisor services are only available at six branch locations one day per week. Small Claims litigants pay \$6 in advisor fees for each case they file.

Litigants who file more than twelve cases per year pay \$14 of each filing for advisor services. The fund is completely supported by fees for advisor services, yet approximately 45% is diverted for non-advisor services. The result is that litigants are not receiving the level of service they pay for and many litigants are unable to get through to an advisor. The ones who do get through often experience long waiting periods. Additionally, large numbers of litigants who require face-to-face assistance have no access to service due to the limited number of branch service days and locations.

This funding request will provide litigants the service they pay for and reduce the wait time and frustration of constituents seeking service. It will also allow the Department to provide service to underserved areas, which may include Pomona, Compton, LAX, West L.A., Chatsworth, Long Beach, Norwalk and Pasadena. Currently, the Advisor Program only operates in the Civic Center and in six branch locations (1 day per week in 4 locations and 1/2 day in two locations). In each Supervisorial District, there is only one (1) service day per week.

2. Second Priority:	Funding for a Public Information Officer I
Amount:	\$ 101,000
Positions:	1.0
Funding Source:	Ongoing Net County Cost

In addition to counseling consumers and investigating their complaints, a core Department mission is to educate consumers so that they do not become victims of fraud in the marketplace. As the ethnic population of the County increases, this outreach is critical to reduce fraud in these communities.

Despite limited resources, in FY-03-04 the department responded to more than 100 media inquiries – local, ethnic, and major network media – and attended approximately 100 speaking engagements and community outreach efforts. In addition, the Department developed, on a limited basis, press releases and consumer news alerts; responded to an increasing number of e-mail inquiries; updated our website which receives thousands of hits each month including, limited updating of a very popular Scam of the Month section; and reviewed and updated nearly 300 consumer information messages in English and Spanish that are available to the public on a 24/7 basis.

Without a Public Information Officer, the Department has been forced to decline as many as 24 requests for workshop presentations, speaking engagements, and Health and Job Fair participation from schools, community-based organizations, government agencies, etc. throughout the County. Information sheets need to be developed on many important consumer issues that impact Los Angeles County consumers in such areas as Discount Health Plans, Medicare Prescription Discount Cards, Spam email, updated identity theft information, vocational schools, telemarketing, etc.

With very limited resources, the Department is only able to respond to a minimum number of speaking engagements and community outreach activities. The Director, or his representative, respond to these requests as best we can. However, these assignments have a negative impact on the staff's primary job duties and responsibilities such as staffing a branch office, responding to written complaints, and cause delays in service.

3. Third Priority: Funding for Consumer Affairs Representative III

Amount: \$161,000

Positions: 2.0

Funding Source: Ongoing Net County Cost

Civil and criminal prosecutions are one of the most effective ways to deter consumer fraud. Consumer fraud prosecutions punish offenders, deter similar crimes, return money to victims, and educate consumers through the media attention they garner. In FY 2003-04, the Department conducted several special investigations that resulted in civil and criminal prosecutions. Due to the Department's lack of adequate staff and resources, however, we were unable to carry out several criminal and civil investigations that warranted prosecution.

As the clearinghouse for consumer fraud, the Department has contact with over 700,000 consumers annually, yet is only able to investigate approximately 5,000 formal consumer fraud complaints each year. Additionally, the Department receives numerous requests for assistance from out-of-state consumer and prosecuting agencies, but due to limited resources is only able to provide very limited, if any, assistance.

In FY 2003-04, through maximization of limited resources, the Department conducted several important fraud investigations:

1. "Sweep" investigations targeting fraudulent immigration consultant services resulting in criminal and civil charges against approximately two dozen companies and their principals, restitution for victims, and business closures. Other related investigations resulted in the closure of the two largest locally operated immigration consultant companies and more than \$600,000 in penalties and restitution for victims.
2. Investigation of a bogus "school" that offered victims a high school diploma in ten weeks and charged consumers hundreds of dollars for a "diploma," telling them that it will get them into universities, the armed forces, and help them get better jobs. The school boasts that they have graduated, "tens of thousands of students" in several states, including California. The victims receive none of the promised benefits, and the school's "superintendent" sues them if they complain.

3. Investigation of a "pay-day lender" that makes advance-loans to low-income consumers at exorbitant interest rates, then sues for triple the loan amount when they can't pay back the loan.

Lack of staff and resources prevents us from fully investigating many complaints against unscrupulous and deceptive companies that target vulnerable County residents, including:

1. Companies offering bogus debt negotiation and credit repair services that leave cash-strapped consumers with even greater debt and worse credit due to late fees and charges on defaulted accounts.
2. Moving companies that refuse to deliver the victim's belongings, unless the victim pays them thousands of dollars more than originally agreed.
3. Car dealerships that charge thousands of dollars for accessories and worthless add-ons that consumers never requested, nor were aware of.
4. Collection agencies that threaten consumers with lawsuits, jail time, and even physical harm if they don't pay their debt.

If granted, this funding request will enable the Department to bridge the unmet needs of County residents for consumer services. During the deliberations on the FY 2004-05 budget, your Board is requested to give favorable consideration to these items that will strengthen our mission and advance the Board-adopted County Strategic Plan.

Sincerely,



PASTOR HERRERA, JR.
Director

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